

Appendix A

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United States Senate

COMMITTEE ON
 ENERGY AND NATURAL RESOURCES

WASHINGTON, DC 20510-4715

ENERGY.SENATE.GOV

May 8, 2003

The Honorable Guy Caruso
 Administrator
 Energy Information Administration
 U.S. Department of Energy
 1000 Independence Avenue S.W.
 Washington, DC 20585

Dear Mr. Caruso:

As you know the Congress is considering comprehensive legislation to update the U.S. national energy strategy. I am requesting that the EIA analyze the potential costs and benefits of a proposed Renewable Portfolio Standard (RPS). The assumptions of such an RPS are:

- The facilities subject to the RPS include all electric utilities that sell electricity to retail consumers. Electric utilities with sales less than 4,000 GWh are exempt. In addition Hawaii is exempt.
- The base is defined as all electric utility retail sales in a given calendar year. This excludes existing renewables. Existing and new hydropower are excluded.
- The definition of renewable energy is electricity generated at a facility placed in service on or after the date of enactment that uses solar, wind, ocean, geothermal, biomass (as defined in section 504(b)), landfill gas, incremental hydro, and MSW (excluding recyclable paper).
- The RPS includes a tradable credit system in which one renewable energy credit will be distributed for each kWh of electricity generated from renewable sources in excess of the amount needed to meet the standard. The cost of the credit is a maximum of 1.5 cents per kWh. Penalties will be assessed by multiplying each kilowatt-hour of generation in violation by the lesser of 1.5cents/kWh or 200% of the average market value of the credit in the year.

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- The timetable for the RPS is:

Calendar Year	Minimum Annual Percentage
2008 through 2011	2.5
2012 through 2015	5.0
2016 through 2019	7.5
2020 through 2030	10.0

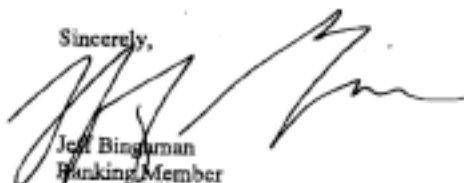
Please include the impact of the following amendment to the production tax credit:

- The placed in service date for wind energy, closed-loop biomass and poultry waste facilities is before January 1, 2007.
- In addition to wind energy, closed-loop biomass and poultry waste facilities, the qualifying facilities include open-loop biomass (including agricultural livestock waste nutrients), geothermal energy, solar energy, small irrigation power (<5W), municipal biosolids and recycled sludge as qualifying facilities. The placed in service date for the additional facilities is after the date of enactment and before January 1, 2007.
- The credit will be 1.8 cents per kilowatt hour with no adjustment for inflation for production in years after 2003. In the case of a biomass facility placed in service before the date of enactment, the ten-year credit period is reduced to a five-year period and commences after December 31, 2003 and the credit is reduced to 1.0 cent per kilowatt hour.

I ask that the requested information be made available as soon as possible. I also ask that my staff be briefed prior to any release of information.

If you have any questions regarding this request, or need clarification, please contact Leon Lowery with my Senate Energy and Natural Resources Committee staff at 202-224-2209. I thank you in advance for your timely attention to this request and for your efforts to ensure that our Nation's energy policy decisions are informed with the best available analysis.

Sincerely,



Jeff Bingaman
Ranking Member